

AMENDMENT TO H.R. 4546, AS REPORTED
OFFERED BY MR. SMITH OF NEW JERSEY

At the end of title VII (page 159, after line 14), insert the following new subtitle:

1 Subtitle C—Department of Defense-
2 Department of Veterans Affairs
3 Health Resources Sharing

4 SEC. 721. SHORT TITLE.

5 This subtitle may be cited as the “Department of De-
6 fense-Department of Veterans Affairs Health Resources
7 Sharing and Performance Improvement Act of 2002”.

8 SEC. 722. FINDINGS AND SENSE OF CONGRESS CON-
9 CERNING STATUS OF HEALTH RESOURCES
10 SHARING BETWEEN THE DEPARTMENT OF
11 VETERANS AFFAIRS AND THE DEPARTMENT
12 OF DEFENSE.

13 (a) FINDINGS.—Congress makes the following find-
14 ings:

15 (1) Federal health care resources are scarce
16 and thus should be effectively and efficiently used.

17 (2) In 1982, Congress, in Public Law 97–174,
18 authorized the sharing of health resources between
19 Department of Defense medical treatment facilities
20 and Department of Veterans Affairs health care fa-



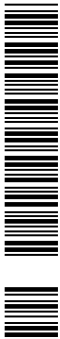
1 cilities in order to allow more effective and efficient
2 use of those health resources.

3 (3) Health care beneficiaries of the Depart-
4 ments of Defense and Veterans Affairs, whether ac-
5 tive servicemembers, veterans, retirees, or family
6 members of active or retired servicemembers, should
7 have full access to the health care and services that
8 Congress has authorized for them.

9 (4) The Secretary of Defense and the Secretary
10 of Veterans Affairs, and the appropriate officials of
11 each of the Departments of Defense and Veterans
12 Affairs with responsibilities related to health care,
13 have not taken full advantage of the opportunities
14 provided by law to make their respective health re-
15 sources available to health care beneficiaries of the
16 other Department in order to provide improved
17 health care for the whole number of beneficiaries.

18 (5) After the many years of support and en-
19 couragement from Congress, the Departments have
20 made little progress in health resource sharing and
21 the intended results of the sharing authority have
22 not been achieved.

23 (b) SENSE OF CONGRESS.—Congress urges the Sec-
24 retary of Defense and the Secretary of Veterans Affairs—



1 (1) to commit their respective Departments to
2 significantly improve mutually beneficial sharing and
3 coordination of health care resources and services
4 during peace and war;

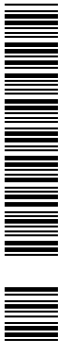
5 (2) to build organizational cultures supportive
6 of improved sharing and coordination of health care
7 resources and services; and

8 (3) to establish and achieve measurable goals to
9 facilitate increased sharing and coordination of
10 health care resources and services.

11 (c) PURPOSE.—It is the purpose of this Act—

12 (1) to authorize a program to advance mutually
13 beneficial sharing and coordination of health care re-
14 sources between the two Departments consistent
15 with the longstanding intent of Congress; and

16 (2) to establish a basis for improved strategic
17 planning by the Department of Defense and Depart-
18 ment of Veterans Affairs health systems to ensure
19 that scarce health care resources are used more ef-
20 fectively and efficiently in order to enhance access to
21 high quality health care for their respective bene-
22 ficiaries.



1 **SEC. 723. REVISED COORDINATION AND SHARING GUIDE-**
2 **LINES.**

3 (a) IN GENERAL.—(1) Section 8111 of title 38,
4 United States Code, is amended to read as follows:

5 **“§ 8111. Sharing of Department of Veterans Affairs**
6 **and Department of Defense health care**
7 **resources**

8 “(a) REQUIRED COORDINATION AND SHARING OF
9 HEALTH CARE RESOURCES.—The Secretary of Veterans
10 Affairs and the Secretary of Defense shall enter into
11 agreements and contracts for the mutually beneficial co-
12 ordination, use, or exchange of use of the health care re-
13 sources of the Department of Veterans Affairs and the De-
14 partment of Defense with the goal of improving the access
15 to, and quality and cost effectiveness of, the health care
16 provided by the Veterans Health Administration and the
17 Military Health System to the beneficiaries of both De-
18 partments.

19 “(b) JOINT REQUIREMENTS FOR SECRETARIES OF
20 VETERANS AFFAIRS AND DEFENSE.—To facilitate the
21 mutually beneficial coordination, use, or exchange of use
22 of the health care resources of the two Departments, the
23 two Secretaries shall carry out the following functions:

24 “(1) Develop and publish a joint strategic vision
25 statement and a joint strategic plan to shape, focus,
26 and prioritize the coordination and sharing efforts



1 among appropriate elements of the two Departments
2 and incorporate the goals and requirements of the
3 joint sharing plan into the strategic and perform-
4 ance plan of each Department under the Govern-
5 ment Performance and Results Act.

6 “(2) Jointly fund the interagency committee
7 provided for under subsection (c).

8 “(3) Continue to facilitate and improve sharing
9 between individual Department of Veterans Affairs
10 and Department of Defense health care facilities,
11 but giving priority of effort to initiatives (A) that
12 improve sharing and coordination of health resources
13 at the intraregional and nationwide levels, and (B)
14 that improve the ability of both Departments to pro-
15 vide coordinated health care.

16 “(4) Establish a joint incentive program under
17 subsection (d).

18 “(c) DOD–VA HEALTH EXECUTIVE COMMITTEE.—
19 (1) There is established an interagency committee to be
20 known as the Department of Veterans Affairs-Department
21 of Defense Health Executive Committee (hereinafter in
22 this section referred to as the ‘Committee’). The Com-
23 mittee is composed of—

24 “(A) the Deputy Secretary of the Department
25 of Veterans Affairs and such other officers and em-



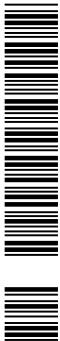
1 ployees of the Department of Veterans Affairs as the
2 Secretary of Veterans Affairs may designate; and

3 “(B) the Under Secretary of Defense for Per-
4 sonnel and Readiness and such other officers and
5 employees of the Department of Defense as the Sec-
6 retary of Defense may designate.

7 “(2)(A) During odd-numbered fiscal years, the Dep-
8 uty Secretary of Veterans Affairs shall chair the Com-
9 mittee. During even-numbered fiscal years, the Under Sec-
10 retary of Defense shall chair the Committee.

11 “(B) The Deputy Secretary and the Under Secretary
12 shall determine the size and structure of the Committee,
13 as well as the administrative and procedural guidelines for
14 the operation of the Committee. The two Departments
15 shall share equally the Committee’s cost of personnel and
16 administrative support and services. Support for such pur-
17 poses shall be provided at a level sufficient for the efficient
18 operation of the Committee, including a permanent staff
19 and, as required, other temporary working groups of ap-
20 propriate departmental staff and outside experts.

21 “(3) The Committee shall recommend to the Secre-
22 taries strategic direction for the joint coordination and
23 sharing efforts between and within the two Departments
24 under this section and shall oversee implementation of
25 those efforts.

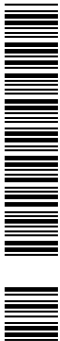


1 “(4) The Committee shall submit to the two Secre-
2 taries and to Congress an annual report containing such
3 recommendations as the Committee considers appropriate.
4 The two Secretaries shall implement the Committee’s rec-
5 ommendations unless, with respect to any such rec-
6 ommendation, either Secretary formally determines that
7 the recommendation should not be implemented or should
8 be implemented in a modified form. Upon making such
9 a determination, the Secretary making the determination
10 shall submit to Congress notice of the Secretary’s deter-
11 mination and the Secretary’s rationale for the determina-
12 tion.

13 “(5) In order to enable the Committee to make rec-
14 ommendations in its annual report under paragraph (4),
15 the Committee shall do the following:

16 “(A) Review existing policies, procedures, and
17 practices relating to the coordination and sharing of
18 health care resources between the two Departments.

19 “(B) Identify changes in policies, procedures,
20 and practices that, in the judgment of the Com-
21 mittee, would promote mutually beneficial coordina-
22 tion, use, or exchange of use of the health care re-
23 sources of the two Departments, with the goal of im-
24 proving the access to, and quality and cost effective-
25 ness of, the health care provided by the Veterans



1 Health Administration and the Military Health Sys-
2 tem to the beneficiaries of both Departments.

3 “(C) Identify and assess further opportunities
4 for the coordination and sharing of health care re-
5 sources between the Departments that, in the judg-
6 ment of the Committee, would not adversely affect
7 the range of services, the quality of care, or the es-
8 tablished priorities for care provided by either De-
9 partment.

10 “(D) Review the plans of both Departments for
11 the acquisition of additional health care resources,
12 especially new facilities and major equipment and
13 technology, in order to assess the potential effect of
14 such plans on further opportunities for the coordina-
15 tion and sharing of health care resources.

16 “(E) Review the implementation of activities
17 designed to promote the coordination and sharing of
18 health care resources between the Departments. To
19 assist in this effort, the Committee chairman, under
20 procedures jointly developed by the Secretaries of
21 both Departments, may task the Inspectors General
22 of either or both Departments.

23 “(d) JOINT INCENTIVES PROGRAM.—(1) Pursuant to
24 subsection (b)(4), the two Secretaries shall carry out a
25 program to identify, provide incentives to, implement,



1 fund, and evaluate creative coordination and sharing ini-
2 tiatives at the facility, intraregional and nationwide levels.
3 The program shall be administered by the Committee es-
4 tablished in subsection (c), under procedures jointly pre-
5 scribed by the two Secretaries.

6 “(2) To facilitate the incentive program, there is es-
7 tablished in the Treasury, effective on October 1, 2003,
8 a DOD–VA Health Care Sharing Incentive Fund. Each
9 Secretary shall annually contribute to the fund a minimum
10 of \$15,000,000 from the funds appropriated to that Sec-
11 retary’s Department. Such funds shall remain available
12 until expended.

13 “(3)(A) The implementation and effectiveness of the
14 program under this subsection shall be reviewed annually
15 by the joint Department of Defense-Department of Vet-
16 erans Affairs Inspector General review team established
17 in section 724(i) of the Department of Defense-Depart-
18 ment of Veterans Affairs Health Resources Sharing and
19 Performance Improvement Act of 2002. On completion of
20 the annual review, the review team shall submit a report
21 to the two Secretaries on the results of the review. Such
22 report shall be submitted through the Committee to the
23 Secretaries not later than December 31 of each calendar
24 year. The Secretaries shall forward each report, without
25 change, to the Committees on Armed Services and Vet-



1 erans' Affairs of the Senate and House of Representatives
2 not later than February 28 of the following year.

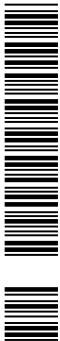
3 “(B) Each such report shall describe activities carried
4 out under the program under this subsection during the
5 preceding fiscal year. Each report shall include at least
6 the following:

7 “(i) An analysis of the initiatives funded by the
8 Committee, and the funds so expended by such ini-
9 tiatives, from the Health Care Sharing Incentive
10 Fund, including the purposes and effects of those
11 initiatives on improving access to care by bene-
12 ficiaries, improvements in the quality of care re-
13 ceived by those beneficiaries, and efficiencies gained
14 in delivering services to those beneficiaries.

15 “(ii) Other matters of interest, including rec-
16 ommendations from the review team to make legisla-
17 tive improvements to the program.

18 “(4) The program under this subsection shall termi-
19 nate on September 30, 2007.

20 “(e) GUIDELINES AND POLICIES FOR IMPLEMENTA-
21 TION OF COORDINATION AND SHARING RECOMMENDA-
22 TIONS, CONTRACTS, AND AGREEMENTS.—(1) To imple-
23 ment the recommendations made by the Committee under
24 subsection (c)(2), as well as to carry out other health care
25 contracts and agreements for coordination and sharing



1 initiatives as they consider appropriate, the two Secre-
2 taries shall jointly issue guidelines and policy directives.
3 Such guidelines and policies shall provide for coordination
4 and sharing that—

5 “(A) is consistent with the health care respon-
6 sibilities of the Department of Veterans Affairs
7 under this title and with the health care responsibil-
8 ities of the Department of Defense under chapter 55
9 of title 10;

10 “(B) will not adversely affect the range of serv-
11 ices, the quality of care, or the established priorities
12 for care provided by either Department; and

13 “(C) will not reduce capacities in certain spe-
14 cialized programs of the Department of Veterans Af-
15 fairs that the Secretary is required to maintain in
16 accordance with section 1706(b) of this title.

17 “(2) To facilitate the sharing and coordination of
18 health care services between the two Departments, the two
19 Secretaries shall jointly develop and implement guidelines
20 for a standardized, uniform payment and reimbursement
21 schedule for those services. Such schedule shall be imple-
22 mented no later than the beginning of fiscal year 2004
23 and shall be revised periodically as necessary.

24 “(3)(A) The guidelines established under paragraph
25 (1) shall authorize the heads of individual Department of



1 Defense and Department of Veterans Affairs medical fa-
2 cilities and service regions to enter into health care re-
3 sources coordination and sharing agreements.

4 “(B) Under any such agreement, an individual who
5 is a primary beneficiary of one Department may be pro-
6 vided health care, as provided in the agreement, at a facil-
7 ity or in the service region of the other Department that
8 is a party to the sharing agreement.

9 “(C) Each such agreement shall identify the health
10 care resources to be shared.

11 “(D) Each such agreement shall provide, and shall
12 specify procedures designed to ensure, that the availability
13 of direct health care to individuals who are not primary
14 beneficiaries of the providing Department is (i) on a refer-
15 ral basis from the facility or service region of the other
16 Department, and (ii) does not (as determined by the head
17 of the providing facility or region) adversely affect the
18 range of services, the quality of care, or the established
19 priorities for care provided to the primary beneficiaries of
20 the providing Department.

21 “(E) Each such agreement shall provide that a pro-
22 viding Department or service region shall be reimbursed
23 for the cost of the health care resources provided under
24 the agreement and that the rate of such reimbursement
25 shall be as determined in accordance with paragraph (2).



1 “(F) Each proposal for an agreement under this
2 paragraph shall be effective (i) on the 46th day after the
3 receipt of such proposal by the Committee, unless earlier
4 disapproved, or (ii) if earlier approved by the Committee,
5 on the date of such approval.

6 “(G) Any funds received through such a uniform pay-
7 ment and reimbursement schedule shall be credited to
8 funds that have been allotted to the facility of either De-
9 partment that provided the care or services, or is due the
10 funds from, any such agreement.

11 “(f) ANNUAL JOINT REPORT.—(1) At the time the
12 President’s budget is transmitted to Congress in any year
13 pursuant to section 1105 of title 31, the two Secretaries
14 shall submit to Congress a joint report on health care co-
15 ordination and sharing activities under this section during
16 the fiscal year that ended during the previous calendar
17 year.

18 “(2) Each report under this section shall include the
19 following:

20 “(A) The guidelines prescribed under subsection
21 (e) of this section (and any revision of such guide-
22 lines).

23 “(B) The assessment of further opportunities
24 identified under subparagraph (C) of subsection



1 (c)(5) for the sharing of health-care resources be-
2 tween the two Departments.

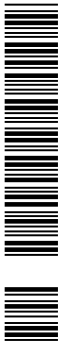
3 “(C) Any recommendation made under sub-
4 section (c)(4) of this section during such fiscal year.

5 “(D) A review of the sharing agreements en-
6 tered into under subsection (e) of this section and a
7 summary of activities under such agreements during
8 such fiscal year and a description of the results of
9 such agreements in improving access to, and the
10 quality and cost effectiveness of, the health care pro-
11 vided by the Veterans Health Administration and
12 the Military Health System to the beneficiaries of
13 both Departments.

14 “(E) A summary of other planning and activi-
15 ties involving either Department in connection with
16 promoting the coordination and sharing of Federal
17 health-care resources during the preceding fiscal
18 year.

19 “(F) Such recommendations for legislation as
20 the two Secretaries consider appropriate to facilitate
21 the sharing of health-care resources between the two
22 Departments.

23 “(3) In addition to the matters specified in paragraph
24 (2), the two Secretaries shall include in the annual report
25 under this subsection an overall status report of the



1 progress of health resources sharing between the two De-
2 partments as a consequence of the Department of De-
3 fense-Department of Veterans Affairs Health Resources
4 Sharing and Performance Improvement Act of 2002 and
5 of other sharing initiatives taken during the period covered
6 by the report. Such status report shall indicate the status
7 of such sharing and shall include appropriate data as well
8 as analyses of that data. The annual report shall include
9 the following:

10 “(A) Enumerations and explanations of major
11 policy decisions reached by the two Secretaries dur-
12 ing the period covered by the report period with re-
13 spect to sharing between the two Departments.

14 “(B) A description of any purposes of Depart-
15 ment of Defense-Department of Veterans Affairs
16 Health Resources Sharing and Performance Im-
17 provement Act of 2002 that presented barriers that
18 could not be overcome by the two Secretaries and
19 their status at the time of the report.

20 “(C) A description of progress made in new
21 ventures or particular areas of sharing and coordina-
22 tion that would be of policy interest to Congress con-
23 sistent with the intent of such Act.

24 “(D) A description of enhancements of access
25 to care of beneficiaries of both Departments that



1 came about as a result of new sharing approaches
2 brought about by such Act.

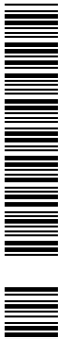
3 “(E) A description of proposals for which funds
4 are provided through the joint incentives program
5 under subsection (d), together with a description of
6 their results or status at the time of the report, in-
7 cluding access improvements, savings, and quality-
8 of-care enhancements they brought about, and a de-
9 scription of any additional use of funds made avail-
10 able under subsection (d).

11 “(g) DEFINITIONS.—For the purposes of this section:

12 “(1) The term ‘beneficiary’ means a person who
13 is a primary beneficiary of the Department of Vet-
14 erans Affairs or of the Department of Defense.

15 “(2) The term ‘direct health care’ means health
16 care provided to a beneficiary in a medical facility
17 operated by the Department or the Department of
18 Defense.

19 “(3) The term ‘head of a medical facility’ (A)
20 with respect to a medical facility of the Department,
21 means the director of the facility, and (B) with re-
22 spect to a medical facility of the Department of De-
23 fense, means the medical or dental officer in charge
24 or the contract surgeon in charge.



1 “(4) The term ‘health-care resource’ includes
2 hospital care, medical services, and rehabilitative
3 services, as those terms are defined in paragraphs
4 (5), (6), and (8), respectively, of section 1701 of this
5 title, services under sections 1782 and 1783 of this
6 title, any other health-care service, and any health-
7 care support or administrative resource.

8 “(5) The term ‘primary beneficiary’ (A) with
9 respect to the Department means a person who is el-
10 igible under this title (other than under section
11 1782, 1783, or 1784 or subsection (d) of this sec-
12 tion) or any other provision of law for care or serv-
13 ices in Department medical facilities, and (B) with
14 respect to the Department of Defense, means a
15 member or former member of the Armed Forces who
16 is eligible for care under section 1074 of title 10.

17 “(6) The term ‘providing Department’ means
18 the Department of Veterans Affairs, in the case of
19 care or services furnished by a facility of the Depart-
20 ment of Veterans Affairs, and the Department of
21 Defense, in the case of care or services furnished by
22 a facility of the Department of Defense.

23 “(7) The term ‘service region’ means a geo-
24 graphic service area of the Veterans Health Admin-
25 istration, in the case of the Department of Veterans



1 Affairs, and a service region, in the case of the De-
2 partment of Defense.”.

3 (2) The item relating to that section in the table of
4 sections at the beginning of chapter 81 of title 38, United
5 States Code, is amended to read as follows:

“8111. Sharing of Department of Veterans Affairs and Department of Defense
health care resources.”.

6 (b) CONFORMING AMENDMENT.—Section 1104 of
7 title 10, United States Code, is amended by striking
8 “may” and inserting “shall”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect on October 1, 2003.

11 **SEC. 724. HEALTH CARE RESOURCES SHARING AND CO-**
12 **ORDINATION PROJECT.**

13 (a) ESTABLISHMENT.—(1) The Secretary of Vet-
14 erans Affairs and the Secretary of Defense shall conduct
15 a health care resources sharing project to serve as a test
16 for evaluating the feasibility, and the advantages and dis-
17 advantages, of measures and programs designed to im-
18 prove the sharing and coordination of health care and
19 health care resources between the Department of Veterans
20 Affairs and the Department of Defense. The project shall
21 be carried out, as a minimum, at the sites identified under
22 subsection (b).

23 (2) Reimbursement between the two Departments
24 with respect to the project under this section shall be made



1 in accordance with the provisions of section 8111(e)(2) of
2 title 38, United States Code, as amended by section
3 723(a).

4 (b) SITE IDENTIFICATION.—(1) Not later than 90
5 days after the date of the enactment of this Act, the Secre-
6 taries shall jointly identify no less than five sites for the
7 conduct of the project under this section.

8 (2) For purposes of this section, a site at which the
9 resource sharing project shall be carried out is an area
10 in the United States in which—

11 (A) one or more military treatment facilities
12 and one or more VA health care facilities are situ-
13 ated in relative proximity to each other, including fa-
14 cilities engaged in joint ventures as of the date of
15 the enactment of this Act; and

16 (B) for which an agreement to coordinate care
17 and programs for patients at those facilities could be
18 implemented not later than October 1, 2004.

19 (c) CONDUCT OF PROJECT.—(1) At sites at which
20 the project is conducted, the Secretaries shall provide a
21 test of a coordinated management system for the military
22 treatment facilities and VA health care facilities partici-
23 pating in the project. Such a coordinated management
24 system for a site shall include at least one of the elements
25 specified in paragraph (2), and each of the elements speci-



1 fied in that paragraph must be included in the coordinated
2 management system for at least two of the participating
3 sites.

4 (2) Elements of a coordinated management system
5 referred to in paragraph (1) are the following:

6 (A) A budget and financial management system
7 for those facilities that—

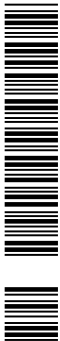
8 (i) provides managers with information
9 about the costs of providing health care by both
10 Departments at the site;

11 (ii) allows managers to assess the advan-
12 tages and disadvantages (in terms of relative
13 costs, benefits, and opportunities) of using re-
14 sources of either Department to provide or en-
15 hance health care to beneficiaries of either De-
16 partment.

17 (B) A coordinated staffing and assignment sys-
18 tem for the personnel (including contract personnel)
19 employed at or assigned to those facilities, including
20 clinical practitioners of either Department.

21 (C) Medical information and information tech-
22 nology systems for those facilities that—

23 (i) are compatible with the purposes of the
24 project;

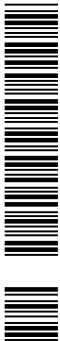


1 (ii) communicate with medical information
2 and information technology systems of cor-
3 responding elements of those facilities; and

4 (iii) incorporate minimum standards of in-
5 formation quality that are at least equivalent to
6 those adopted for the Departments at large in
7 their separate health care systems.

8 (d) PHARMACY BENEFIT.—(1) One of the elements
9 that shall be tested in at least two sites in accordance with
10 subsection (c) is a pharmacy benefit under which bene-
11 ficiaries of either Department shall have access, as part
12 of the project, to pharmaceutical services of the other De-
13 partment participating in the project.

14 (2) The two Secretaries shall enter into a memo-
15 randum of agreement to govern the establishment and
16 provision not later than October 1, 2004, of pharma-
17 ceutical services authorized by this section. In the case of
18 beneficiaries of the Department of Defense, the authority
19 under the preceding sentence for such access to pharma-
20 ceutical services at a VA health care facility includes au-
21 thority for medications to be dispensed based upon a pre-
22 scription written by a licensed health care practitioner
23 who, as determined by the Secretary of Defense, is a cer-
24 tified practitioner.



1 (e) AUTHORITY TO WAIVE CERTAIN ADMINISTRA-
2 TIVE POLICIES.—(1)(A) In order to carry out subsections
3 (c) and (d), the Secretary of Defense may, in the Sec-
4 retary's discretion, waive any administrative policy of the
5 Department of Defense otherwise applicable to those sub-
6 sections (including policies applicable to pharmaceutical
7 benefits) that specifically conflicts with the purposes of the
8 project, in instances in which the Secretary determines
9 that the waiver is necessary for the purposes of the
10 project.

11 (B) In order to carry out subsections (c) and (d), the
12 Secretary of Veterans Affairs may, in the Secretary's dis-
13 cretion, waive any administrative policy of the Department
14 of Veterans Affairs otherwise applicable to those sub-
15 sections (including policies applicable to pharmaceutical
16 benefits) that specifically conflicts with the purposes of the
17 project, in instances in which the Secretary determines
18 that the waiver is necessary for the purposes of the
19 project.

20 (C) The two Secretaries shall establish procedures for
21 resolving disputes that may arise from the effects of policy
22 changes that are not covered by other agreement or exist-
23 ing procedures.

24 (2) No waiver under paragraph (1) may alter any
25 labor-management agreement in effect as of the date of



1 the enactment of this Act or adopted by either Depart-
2 ment during the period of the project.

3 (f) USE BY DOD OF CERTAIN TITLE 38 PERSONNEL
4 AUTHORITIES.—(1) In order to carry out subsections (c)
5 and (d), the Secretary of Defense may apply to civilian
6 personnel of the Department of Defense assigned to or
7 employed at a military treatment facility participating in
8 the project any of the provisions of subchapters I, III, and
9 IV of chapter 74 of title 38, United States Code, deter-
10 mined appropriate by the Secretary.

11 (2) For such purposes, any reference in such
12 chapter—

13 (A) to the “Secretary” or the “Under Secretary
14 for Health” shall be treated as referring to the Sec-
15 retary of Defense; and

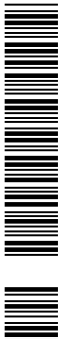
16 (B) to the “Veterans Health Administration”
17 shall be treated as referring to the Department of
18 Defense.

19 (g) FUNDING.—From amounts available for health
20 care for a fiscal year, each Secretary shall make available
21 to carry out the project not less than—

22 (1) \$5,000,000 for fiscal year 2003;

23 (2) \$10,000,000 for fiscal year 2004; and

24 (3) \$15,000,000 for each succeeding year dur-
25 ing which the project is in effect.



1 (h) DEFINITIONS.—For purposes of this section:

2 (1) The term “military treatment facility”
3 means a medical facility under the jurisdiction of the
4 Secretary of a military department.

5 (2) The term “VA health care facility” means
6 a facility under the jurisdiction of the Veterans
7 Health Administration of the Department of Vet-
8 erans Affairs.

9 (i) PERFORMANCE REQUIREMENTS.—(1) The two
10 Secretaries shall provide for a joint review team to conduct
11 an annual on-site review at each of the project locations
12 selected by the Secretaries under this section. The review
13 team shall be comprised of employees of the Offices of the
14 Inspectors General of the two Departments. Leadership
15 of the joint review team shall rotate each fiscal year be-
16 tween an employee of the Office of the Inspector General
17 of the Department of Veterans Affairs, during even-num-
18 bered fiscal years, and an employee of the Office of Inspec-
19 tor General of the Department of Defense, during odd-
20 numbered fiscal years.

21 (2) On completion of their annual joint review under
22 paragraph (1), the review team shall submit a report to
23 the two Secretaries on the results of the review. The Secre-
24 taries shall forward the report, without change, to the



1 Committees on Armed Services and Veterans' Affairs of
2 the Senate and House of Representatives.

3 (3) Each such report shall include the following:

4 (A) The strategic mission coordination between
5 shared activities.

6 (B) The accuracy and validity of performance
7 data used to evaluate sharing performance and
8 changes in standards of care or services at the
9 shared facilities.

10 (C) A statement that all appropriated funds
11 designated for sharing activities are being used for
12 direct support of sharing initiatives.

13 (D) Recommendations concerning continuance
14 of the project at each site for the succeeding 12-
15 month period.

16 (4) Whenever there is a recommendation under para-
17 graph (3)(D) to discontinue a resource sharing project
18 under this section, the two Secretaries shall act upon that
19 recommendation as soon as practicable.

20 (5) In the initial report under this subsection, the
21 joint review team shall validate the baseline information
22 used for comparative analysis.

23 (j) TERMINATION.—(1) The project, and the author-
24 ity provided by this section, shall terminate on September
25 30, 2007.



1 (2) The Secretaries may terminate the performance
2 of the project at any site when the performance of the
3 project at that site fails to meet performance expectations
4 of the Secretaries, based on recommendations from the re-
5 view team under subsection (i) or on other information
6 available to the Secretaries to warrant such action.

7 **SEC. 725. REPORT ON IMPROVED COORDINATION AND**
8 **SHARING OF HEALTH CARE AND HEALTH**
9 **CARE RESOURCES FOLLOWING DOMESTIC**
10 **ACTS OF TERRORISM OR DOMESTIC USE OF**
11 **WEAPONS OF MASS DESTRUCTION.**

12 (a) JOINT REVIEW.—The Secretary of Defense and
13 the Secretary of Veterans Affairs shall jointly review the
14 adequacy of current processes and existing statutory au-
15 thorities and policy governing the capability of the Depart-
16 ment of Defense and the Department of Veterans Affairs
17 to provide health care to members of the Armed Forces
18 following domestic acts of terrorism or domestic use of
19 weapons of mass destruction, both before and after any
20 declaration of national emergency. Such review shall in-
21 clude a determination of the adequacy of current authori-
22 ties in providing for the coordination and sharing of health
23 care resources between the two Departments in such
24 cases, particularly before the declaration of a national
25 emergency.



1 (b) REPORT TO CONGRESS.—A report on the review
2 under subsection (a), including any recommended legisla-
3 tive changes, shall be submitted to Congress as part of
4 the fiscal year 2004 budget submission.

5 **SEC. 726. ADOPTION BY DEPARTMENT OF VETERANS AF-**
6 **FAIRS OF DEPARTMENT OF DEFENSE PHAR-**
7 **MACY DATA TRANSACTION SYSTEM.**

8 (a) ADOPTION OF PDTS SYSTEM.—The Secretary of
9 Veterans Affairs shall adopt for use by the Department
10 of Veterans Affairs health care system the system of the
11 Department of Defense known as the “Pharmacy Data
12 Transaction System”. Such system shall be fully oper-
13 ational for the Department of Veterans Affairs not later
14 than October 1, 2004.

15 (b) IMPLEMENTATION FUNDING.—The Secretary of
16 Defense shall transfer to the Secretary of Veterans Af-
17 fairs, or shall otherwise bear the cost of, an amount suffi-
18 cient to cover three-fourths of the cost to the Department
19 of Veterans Affairs for initial computer programming ac-
20 tivities and relevant staff training expenses related to im-
21 plementation of subsection (a). Such amount shall be de-
22 termined in such manner as agreed to by the two Secre-
23 taries.

24 (c) REIMBURSEMENT PROCEDURES.—Any reim-
25 bursement by the Department of Veterans Affairs to the



1 Department of Defense for the use by the Department of
2 Veterans Affairs of the transaction system under sub-
3 section (a) shall be determined in accordance with section
4 8111(e)(2) of title 38, United States Code, as amended
5 by section 723.

6 **SEC. 727. JOINT PILOT PROGRAM FOR PROVIDING GRAD-**
7 **UATE MEDICAL EDUCATION AND TRAINING**
8 **FOR PHYSICIANS.**

9 (a) IN GENERAL.—The Secretary of Defense and the
10 Secretary of Veterans Affairs shall jointly carry out a pilot
11 program under which graduate medical education and
12 training is provided to military physicians and physician
13 employees of the Department of Defense and the Depart-
14 ment of Veterans Affairs through one or more programs
15 carried out in military medical treatment facilities of the
16 Department of Defense and medical centers of the Depart-
17 ment of Veterans Affairs. The pilot program shall begin
18 not later than January 1, 2003.

19 (b) COST-SHARING AGREEMENT.—The Secretaries
20 shall enter into an agreement for carrying out the pilot
21 program. The agreement shall establish means for each
22 Secretary to assist in paying the costs, with respect to in-
23 dividuals under the jurisdiction of that Secretary, incurred
24 by the other Secretary in providing medical education and
25 training under the pilot program.



1 (c) USE OF EXISTING AUTHORITIES.—To carry out
2 the pilot program, the Secretary of Defense and the Sec-
3 retary of Veterans Affairs may use authorities provided
4 to them under this Act, section 8111 of title 38, United
5 States Code, and other laws relating to the furnishing or
6 support of medical education and the cooperative use of
7 facilities.

8 (d) TERMINATION OF PROGRAM.—The pilot program
9 under this section shall terminate on July 31, 2008.

10 (e) REPEAL OF SUPERSEDED PROVISION.—Section
11 738 of the National Defense Authorization Act for Fiscal
12 Year 2002 (Public Law 107–107; 10 U.S.C. 1094 note;
13 115 Stat.1173) is repealed.

14 **SEC. 728. REPEAL OF CERTAIN LIMITS ON DEPARTMENT OF**
15 **VETERANS AFFAIRS RESOURCES.**

16 (a) REPEAL OF VA BED LIMITS.—Section
17 8110(a)(1) of title 38, United States Code, is amended—

18 (1) in the first sentence, by striking “at not
19 more than 125,000 and not less than 100,000”;

20 (2) in the third sentence, by striking “shall op-
21 erate and maintain a total of not less than 90,000
22 hospital beds and nursing home beds and”; and

23 (3) in the fourth sentence, by striking “to en-
24 able the Department to operate and maintain a total



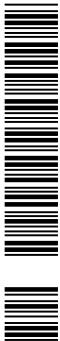
1 of not less than 90,000 hospital and nursing home
2 beds in accordance with this paragraph and”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) shall take effect on October 1, 2003.

5 **SEC. 729. REPORTS.**

6 (a) INTERIM REPORT.—Not later than February 1,
7 2004, the Secretary of Defense and Secretary of Veterans
8 Affairs shall submit to the Committees on Veterans’ Af-
9 fairs and the Committees on Armed Services of the Senate
10 and House of Representatives a joint report on their con-
11 duct of each of the programs under this Act through the
12 end of the preceding fiscal year. The Secretaries shall in-
13 clude in the report a description of the measures taken,
14 or planned to be taken, to implement the health resources
15 sharing project under section 724 and the other provisions
16 of this Act and any cost savings anticipated, or cost shar-
17 ing achieved, at facilities participating in the project. The
18 report shall also include information on improvements in
19 access to care, quality, and timeliness, as well as impedi-
20 ments encountered and legislative recommendations to
21 ameliorate such impediments.

22 (b) ANNUAL REPORT ON USE OF WAIVER AUTHOR-
23 ITY.—Not later than one year after the date of the enact-
24 ment of this Act, and annually thereafter through comple-
25 tion of the project under section 724, the two Secretaries



1 shall submit to the committees of Congress specified in
2 subsection (a) a joint report on the use of the waiver au-
3 thority provided by section 724(e)(1). The report shall in-
4 clude a statement of the numbers and types of requests
5 for waivers under that section of administrative policies
6 that have been made during the period covered by the re-
7 port and, for each such request, an explanation of the con-
8 tent of each request, the intended purpose or result of the
9 requested waiver, and the disposition of each request. The
10 report also shall include descriptions of any new adminis-
11 trative policies that enhance the success of the project.

12 (c) PHARMACY BENEFITS REPORT.—Not later than
13 one year after pharmaceutical services are first provided
14 pursuant to section 724(d)(1), the two Secretaries shall
15 submit to the committees of Congress specified in sub-
16 section (a) a joint report on access by beneficiaries of each
17 department to pharmaceutical services of the other depart-
18 ment. The report shall describe the advantages and dis-
19 advantages to the beneficiaries and the Departments of
20 providing such access and any other matters related to
21 such pharmaceutical services that the Secretaries consider
22 pertinent, together with any legislative recommendations
23 for expanding or canceling such services.

24 (d) ANNUAL REPORT ON PILOT PROGRAM FOR
25 GRADUATE MEDICAL EDUCATION.—Not later than Janu-



1 ary 31, 2004, and January 31 of each year thereafter
2 through 2009, the two Secretaries shall submit to Con-
3 gress a joint report on the pilot program under section
4 727. The report for any year shall cover activities under
5 the program during the preceding year and shall include
6 each Secretary's assessment of the efficacy of providing
7 education and training under that program.

